

# **Exhibit 2**

**BROOKLYN QUEENS HEALTHCARE INC.**

**BOARD OF TRUSTEES MEETING**

**APRIL 3, 2008**

**3 P.M.**

**PRESENT:**

Emil Rucigay, Esq. – Chairman  
Rajiv Garg  
Fred T. Haller, III  
Vito J. D'Alessandro, M.D.  
Vincent Arcuri, Jr.  
Gary A. Goffner  
Frank T. Chiarello  
Adam Figueroa  
Herman Hochberg

**EXCUSED:**

John Cook, Jr., Esq.

**INVITEES:**

Claire Mullally, Esq.  
Tom Singleton – C.R.O.  
Sharon Tietze  
Ajay K. Lodha, M.D.  
Steve Nathan - FTI Cambio  
John Scheiblen – FTI Cambio

Mr. Rucigay called the meeting to order at 3 p.m.

Mr. Singleton was asked to provide a status report to the Board of Trustees on the restructuring program at Wyckoff and Caritas. Sharon Tietze and Dr. Lodha were introduced by Mr. Singleton as important members of the FTI restructuring team.

Mr. Singleton then proceeded with a Caritas financial status report covering the period September 2007 through February 2008.

The combined SJH/MIH February 2008 financials, as presented, dramatically improved over the previous months. Mr. Singleton indicated that March 2008 is anticipated to show continuing improvement. CMI and discharges, less MIH Psych and SJH Ob/Gyn, although varying at each facility, continue to indicate upward trends. Cash collections were shown to be increasing exponentially.

Medicare continues to be the best source of payments, with Medicaid close behind. Medicare/Medicaid HMO's follow at lower rates followed by the remaining payers.

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Wyckoff's payment agreements, based on negotiated agreements, produce slightly better results.

Today's census at SJH shows 21 admittees more than beds available, indicating a problem with discharging patients in a timely manner, especially between Thursday afternoons and Monday mornings.

JCAHO surveys were conducted at SJH, MIH and Wyckoff, with Caritas receiving a combined 15 RFI's, two of which were deemed serious patient issues. This did not include environmental inspections, which are to follow shortly. Wyckoff will probably have a clean report after review of the several RFI's reported. Ms. Carey's team will be assigned to work on the Caritas JCAHO situation. Anticipation is that a "Conditional Approval" will be issued.

Mr. Singleton indicated that Caritas is critical to the success of BQHC, and that Wyckoff, on it's own, is doing well. He believes that volume building and revenue growth are extremely important at Caritas, and that expense management is more important than expense reduction in maintaining the environment for patients and staff. Key management positions have been filled, the 1199 Nursing contract was settled and housekeeping was taken over by in-house personnel. He stated that progress is traditionally more apparent in the third and fourth quarters of the turn around first year. The original Turn Around plan produced in Oct/Nov 2007 is being followed.

Mr. Singleton reported that the Caritas Emergency Departments and Radiology services have been vastly improved along with revenue enhancements, housekeeping and nursing services. New equipment has been added through Siemens and other suppliers, similar to what had been done previously at Wyckoff. SJH elevators are being prepped for full rehabilitation. Payroll services have improved as well as payments to vendors and suppliers. Patient billings are more current. A total of 11 FTL/Cambio staff have been brought on board to supplement and support Caritas/Wyckoff, particularly in the Central Billing office. Some full time positions staffed by FTL are in the process of being transferred to permanent hospital employees. The Meditech system is now functional. Mr. Chiarello when we can be weaned away from FTL completely and Mr. Singleton advised that attempts are being made to move rapidly in that direction, subject to certain factors:

SJH/MIH markets are more competitive than Wyckoff  
Medical staff cultures vary drastically at the three locations  
Operational improvements must continue (medical, nursing)  
Smooth transition from restructuring to operations

Current concerns relate to the timing of turnaround results, renegotiation of FTL's fees and resolving JCAHO's RFI's. Dr. Lodha stated, that in his experience, the turnaround at Caritas is proceeding very well and at an accelerated pace, unseen previously.

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Following FTI/Cambio's presentation, all non-board members of BQHC and invitees were asked to leave and join Wyckoff Board members for a joint BQHC/Wyckoff Board Meeting where Mr. Rucigay spoke about the continuing role of FTI/Cambio, the current cash flow crisis at Caritas and BQHC's role in guaranteeing the State's loan repayments. He stated that he will be going to Albany tomorrow, April 4<sup>th</sup>, to meet with representatives of the NYSDOH to discuss FTI's continuing role and the possibility of an affiliation with North Shore/LIJ. He advised that Parkway Hospital has already approached NYSDOH regarding a "take-over" of Caritas.

Mr. Rucigay had previously asked Dr. Mattoo to prepare a scenario with a team to take over management from FTI and continue the restructuring of BQHC, Caritas and Wyckoff.

Dr. Mattoo presented an overview for the "Need for a New Direction", since, to date, there appears to be no relief in losses at Caritas. No viable future plan has been presented by FTI to the BQHC Board nor has a valid Caritas budget been produced for review and approval by the Board of Trustees. FTEs or their equivalents continue to increase at without an appropriate increase of admissions at Caritas. JCAHO deficiencies at Caritas were more severe than anticipated. Pre JCAHO recommendations by Karen Carey were never implemented by management at Caritas in time for the inspections. Subsequently, pending Life Safety inspections, 15 RFI's were noted, resulting in a Conditional Approval. A formal denial of accreditation would result in the loss of participation in Medicare reimbursement for the two hospitals. Dr. Mattoo and his team will develop an exit strategy for FTI as well as creating a corrective action plan for the success of the three hospitals and BQHC.

Dr. Mattoo and Buzz Dowling indicated that, to break even, Caritas must improve by 30%, a daunting task without further cost cutting efforts while improving infrastructure, both of which are contradictory to each other. Growth in volume requires greater capital investment and higher operating costs. Mathematically, a growth formula does not seem to work. Mr. Garg agreed that the numbers may not work, and without a strong leader, it could be an impossibility.

The meeting was adjourned at 5:30 p.m. so that Mr. Rucigay, in executive session, could present a resolution to the Board members that he could bring to Albany with him.

Respectfully submitted:



Vincent Arcuri

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